
**SUMMER VILLAGE OF LARKSPUR
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2017**

SUMMER VILLAGE OF LARKSPUR

DECEMBER 31, 2017

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	2
Consolidated Statement of Operations	3
Consolidated Statement of Change in Net Financial Assets	4
Consolidated Statement of Cash Flows	5
Schedule 1 - Schedule of Changes in Accumulated Surplus	6
Schedule 2 - Schedule of Tangible Capital Assets	7
Schedule 3 - Schedule of Property and Other Taxes	8
Schedule 4 - Schedule of Government Transfers	9
Schedule 5 - Schedule of Consolidated Expenses by Object	9
Notes to Financial Statements	10-14

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COUNCIL: SUMMER VILLAGE OF LARKSPUR

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated statements of the Summer Village of Larkspur, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements.

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Summer Village of Larkspur as at December 31, 2017 and the results its operations, the change in its net financial assets and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

EDMONTON, ALBERTA
APRIL 17, 2017

ORIGINAL SIGNED BY AUDITOR
CHARTERED PROFESSIONAL ACCOUNTANT

**SUMMER VILLAGE OF LARKSPUR
CONSOLIDATED FINANCIAL POSITION
DECEMBER 31, 2017**

	2017	2016
FINANCIAL ASSETS		
Cash (Note 2)	\$ 400,057	\$ 529,963
Receivables		
Taxes receivable (Note 3)	221	1,521
Good and services tax receivable	7,201	2,535
	407,479	534,019
LIABILITIES		
Accounts payable and accrued liabilities	40,865	24,186
Prepaid taxes	175	-
Deferred revenue (Note 4)	32,642	201,372
	73,682	225,558
NET FINANCIAL ASSETS	333,797	308,461
NON-FINANCIAL ASSETS		
Tangible Capital Assets	747,836	619,790
Prepaid expense	589	787
	748,425	620,577
ACCUMULATED SURPLUS (Schedule 1)	\$ 1,082,222	\$ 929,038

APPROVED BY COUNCIL

_____ MAYOR

_____ COUNCILLOR

**SUMMER VILLAGE OF LARKSPUR
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2017**

	BUDGET	2017	2016
REVENUE			
Net municipal taxes (Schedule 3)	\$ 40,826	\$ 52,313	\$ 42,725
ALARIE insurance allocation	-	7,991	-
Other revenues	5,030	5,935	6,155
Government transfers for operating (Schedule 4)	3,389	4,998	4,964
Investment income	2,500	3,790	3,724
Gain on sale of assets	-	500	-
Licenses and permits	-	300	200
Penalties and costs of taxes	200	180	220
TOTAL REVENUE	51,945	76,007	57,988
EXPENSES			
Administration	37,820	53,269	39,145
Parks and recreation	5,425	19,647	5,398
Amortization	-	19,495	19,443
Legislative	3,400	5,087	4,123
Culture	500	611	50
Waste management	1,000	500	500
Roads, streets, walks and lighting	2,000	-	-
Fire and bylaws enforcement	2,000	-	-
TOTAL EXPENSES	52,145	98,609	68,659
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	(200)	(22,602)	(10,671)
OTHER			
Government transfers for capital (Schedule 4)	61,287	175,786	-
EXCESS OF REVENUE OVER EXPENSES	61,087	153,184	(10,671)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	929,038	929,038	939,709
ACCUMULATED SURPLUS, END OF YEAR	\$ 990,125	\$ 1,082,222	\$ 929,038

**SUMMER VILLAGE OF LARKSPUR
CONSOLIDATED STATEMENT OF CHANGE IN NET
FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2017**

	BUDGET	2017	2016
EXCESS OF REVENUE OVER EXPENSES	\$ 61,087	\$ 153,184	\$ (10,671)
ACQUISITION OF TANGIBLE CAPITAL ASSETS	-	(147,541)	-
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	<u>-</u>	<u>19,495</u>	<u>19,443</u>
	<u>-</u>	<u>(128,046)</u>	<u>19,443</u>
USE OF PREPAID ASSETS	<u>-</u>	<u>198</u>	<u>606</u>
INCREASE IN NET FINANCIAL ASSETS	61,087	25,336	9,378
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>308,461</u>	<u>308,461</u>	<u>299,083</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 369,548</u>	<u>\$ 333,797</u>	<u>\$ 308,461</u>

**SUMMER VILLAGE OF LARKSPUR
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017**

	2017	2016
OPERATING		
Excess of revenues over expenditures	\$ 153,184	\$ (10,671)
Amortization	19,495	19,443
(Gain) on disposal of assets	(500)	-
Non-cash changes to operations (net change):		
Decrease (increase) in taxes receivable	1,300	2,871
Decrease (increase) in Goods and services tax receivable	(4,666)	(1,156)
Increase (decrease) in accounts payable and accrued liabilities	16,679	1,023
Increase (decrease) in prepaid taxes	175	(20)
Increase (decrease) in deferred revenue	(168,730)	55,289
Decrease (increase) in prepaid expenses	198	607
Cash provided by operating transactions	17,135	67,386
CAPITAL		
Purchases of tangible capital assets	(147,541)	-
Proceeds on disposal capital property - equipment	500	-
Cash provided by capital transactions	(147,041)	-
CHANGE IN CASH DURING YEAR	(129,906)	67,386
CASH, BEGINNING OF YEAR	529,963	462,577
CASH, END OF YEAR (Note 2)	\$ 400,057	\$ 529,963

**SUMMER VILLAGE OF LARKSPUR
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2017**

SCHEDULE 1

	UNRESTRICTED SURPLUS	RESTRICTED SURPLUS	EQUITY IN TANGIBLE CAPITAL ASSETS	2017	2016
BALANCE, BEGINNING OF YEAR	\$ 261,324	\$ 47,924	\$ 619,790	\$ 929,038	\$ 939,709
Excess (deficiency) of revenues over expenses	153,184	-	-	153,184	(10,671)
Restricted funds used for tangible capital assets	(144,359)	-	144,359	-	-
Current year funds used for tangible capital assets	(3,182)	-	3,182	-	-
Annual amortization expense	19,495	-	(19,495)	-	-
BALANCE, END OF YEAR	286,462	47,924	747,836	1,082,222	929,038

**SUMMER VILLAGE OF LARKSPUR
SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2017**

SCHEDULE 2

	<u>LAND</u>	<u>BUILDING</u>	<u>ENGINEERED STRUCTURES</u>	<u>MACHINERY & EQUIPMENT</u>	2017	2016
COST:						
Balance, beginning of year	\$ 201,596	\$ 11,675	\$ 709,519	\$ 12,379	\$ 935,169	\$ 935,169
Acquisition of tangible capital assets	-	\$ -	144,359	\$ 3,182	147,541	-
Disposal of capital assets	-	\$ -	-	\$ (500)	(500)	-
Balance, end of year	201,596	\$ 11,675	853,878	\$ 15,061	1,082,210	935,169
ACCUMULATED AMORTIZATION:						
Balance, beginning of year		4,513	298,825	12,041	315,379	315,379
Disposals	-	\$ -	-	\$ (500)	(500)	-
Annual amortization	-	\$ 467	19,542	\$ (514)	19,495	-
Balance, end of year	-	4,980	318,367	11,027	334,374	315,379
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 201,596	\$ 6,695	\$ 535,511	\$ 4,034	\$ 747,836	\$ 619,790

**SUMMER VILLAGE OF LARKSPUR
 SCHEDULE OF PROPERTY AND OTHER TAXES
 YEAR ENDED DECEMBER 31, 2017**

	SCHEDULE 3		
	BUDGET	2017	2016
TAXATION			
Real property taxes	\$ 123,897	\$ 135,375	\$ 124,243
Linear property taxes	250	259	254
	124,147	135,634	124,497
REQUISITION			
Alberta School Foundation Fund	83,321	83,321	81,772
Greater North Foundation	-	-	-
	83,321	83,321	81,772
NET MUNICIPAL TAXES	\$ 40,826	\$ 52,313	\$ 42,725

**SUMMER VILLAGE OF LARKSPUR
SCHEDULE OF GOVERNMENT TRANSFERS
YEAR ENDED DECEMBER 31, 2017**

	SCHEDULE 4		
	BUDGET	2017	2016
TRANSFERS FOR OPERATING			
Provincial government	\$ 3,389	\$ 4,998	\$ 4,964
TRANSFERS FOR CAPITAL			
Provincial government	-	175,786	-
TOTAL GOVERNMENT TRANSFERS	\$ 3,389	\$ 180,784	\$ 4,964

**CONSOLIDATED SCHEDULE OF EXPENDITURES BY OBJECT
YEAR ENDED DECEMBER 31, 2017**

	SCHEDULE 5		
	BUDGET	2017	2016
EXPENSES			
Contracted and general services	\$ 32,375	\$ 56,362	\$ 29,198
Salaries wages and benefits	17,500	20,850	18,075
Amortization of tangible capital assets	-	19,495	19,443
Materials goods and utilities	2,270	1,902	1,943
TOTAL EXPENDITURE	\$ 52,145	\$ 98,609	\$ 68,659

SUMMER VILLAGE OF LARKSPUR

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Summer Village of Larkspur are the representatives of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants Canada.

Significant aspects of the accounting policies adopted by the Summer Village are as follows:

(a) **Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations of all of the organizations that are owned or controlled by the Summer Village Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipality reporting entity.

(b) **Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) **Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(d) **Investments**

Investments are recorded at amortized cost.

(e) **Government Transfers**

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

**SUMMER VILLAGE OF LARKSPUR
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as flow through and are excluded from municipal revenue.

(g) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(h) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

(i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Buildings	50 years
Engineered structures - roads	10-20 years
Machinery and equipment	5-10 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

2. CASH

	2017	2016
Unrestricted cash	\$ 352,133	\$ 482,039
Restricted Cash	<u>47,924</u>	<u>47,924</u>
	<u>\$ 400,057</u>	<u>\$ 529,963</u>

**SUMMER VILLAGE OF LARKSPUR
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

3. TAXES RECEIVABLE

	2017	2016
Current taxes	\$ 221	\$ 832
Arrears	<u>-</u>	<u>689</u>
	<u>\$ 221</u>	<u>\$ 1,521</u>

4. DEFERRED REVENUE

	2017	2016
Municipal Sustainability Grant - Capital	\$ 32,642	\$ 184,016
Federal Gas Tax Fund	<u>-</u>	<u>17,356</u>
	<u>\$ 32,642</u>	<u>\$ 201,372</u>

Funding in the amount of \$32,642 was received in prior years from the Municipal Sustainability Initiative. This funding is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in 2018.

5. DEBT LIMITS

Section 276 (2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Summer Village of Larkspur be disclosed as follows:

	2017	2016
Total debt limit	\$ 114,011	\$ 86,982
Total debt	<u>-</u>	<u>-</u>
Amount total debt limit unused	<u>\$ 114,011</u>	<u>86,982</u>
Debt servicing limit	\$ 19,002	14,497
Debt servicing	<u>-</u>	<u>-</u>
Amount of debt servicing limit unused	<u>\$ 19,002</u>	<u>14,497</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

**SUMMER VILLAGE OF LARKSPUR
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

6. EQUITY IN TANGIBLE CAPITAL ASSETS

	Net 2017	Net 2016
Tangible capital assets (Schedule 2)	\$ 1,082,210	\$ 935,169
Accumulated amortization (Schedule 2)	<u>(334,374)</u>	<u>(315,379)</u>
	<u>\$ 747,836</u>	<u>\$ 619,790</u>

7. ACCUMULATED SURPLUS

	2017	2016
Unrestricted surplus	\$ 286,462	\$ 261,324
Restricted surplus - Emergency reserve	47,924	47,924
Equity in tangible capital assets	<u>747,836</u>	<u>619,790</u>
	<u>\$ 1,082,222</u>	<u>\$ 929,038</u>

8. SALARY & BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by provincial regulation is as follows:

	Salary	Benefits Allowances	2017 Total	2016 Total
Councillors:				
Nick Tywioniuk	1,250	656	1,906	1,194
Gerry Keane	1,100	385	1,485	1,229
Greg Dreschler	500	435	935	-
K. Schauenberg	600	161	761	1,700
Village Administrator	17,400	595	17,995	15,828

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Benefits and allowances figures also include the Employer's share of the costs of additional taxable benefits including travel allowance

**SUMMER VILLAGE OF LARKSPUR
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

9. FINANCIAL INSTRUMENTS

The Summer Village's financial instruments consist of cash, taxes and grants in place of taxes, accounts receivable, accounts payable and accrued liabilities, prepaid taxes and deferred revenue. It is management's opinion that the Summer Village is not exposed to significant interest or current risks arising from these financial instruments.

The Summer Village is subject to credit risk with respect to taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Summer Village provides services may experience financial difficulty and be unable to fulfill their obligations. The number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

10. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements. The budgeted figures have been presented for information purposes and are unaudited.